

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Civil No. 08-5348 (ADM/JSM)

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
1. THOMAS JOSEPH PETTERS;)
PETTERS COMPANY, INC., aka)
PCI; PETTERS GROUP WORLDWIDE, LLC;)
2. DEANNA COLEMAN, aka DEANNA MUNSON;)
3. ROBERT WHITE;)
4. JAMES WEHMHOF;)
5. LARRY REYNOLDS, dba)
NATIONWIDE INTERNATIONAL RESOURCES)
aka NIR;)
6. MICHAEL CATAIN, dba)
ENCHANTED FAMILY BUYING COMPANY;)
7. FRANK E. VENNES JR., dba)
METRO GEM FINANCE,)
METRO GEM INC.,)
GRACE OFFERINGS OF FLORIDA LLC,)
METRO PROPERTY FINANCING, LLC,)
38 E. ROBINSON, LLC,)
55 E. PINE, LLC,)
ORLANDO RENTAL POOL, LLC,)
100 PINE STREET PROPERTY, LLC,)
ORANGE STREET TOWNER, LLC,)
CORNERSTONE RENTAL POOL, LLC,)
2 SOUTH ORANGE AVENUE, LLC,)
HOPE COMMONS, LLC,)
METRO GOLD, INC.;)
Defendants.)
)
DOUGLAS A. KELLEY,)
Receiver,)
)
GARY HANSEN,)
Receiver.)

SIXTEENTH STATUS REPORT OF RECEIVER DOUGLAS A. KELLEY

Douglas A. Kelley, the Receiver for all defendants except Frank E. Vennes, Jr. and his entities, submits this report summarizing major activities undertaken since his last report.

A. INDIVIDUAL DEFENDANTS

1. Tom Petters

a. Receivership Account

Balance on March 31, 2011	\$35,544.43
Deposits during period	160,209.51
Expenses paid during period	(91,101.55)
Balance on May 26, 2011	\$99,329.39

b. Receivership Activity

On June 2, 2011, the Receiver was presented with an acceptable offer for the sale of the Big Watab Lake property. A motion seeking court approval of the sale will be filed in the near future.

An undeveloped lot on Lake Superior remains listed for sale at an asking price of \$269,000. There has been no buyer interest during this reporting period and the parcel is listed on a preliminary order of forfeiture obtained by the Government.

The Receiver continues to pay asset-preservation and other expenses as authorized by the Court, including health insurance premiums for two minor children.

The Receiver is working with the Government to determine a plan to market the artwork and sports memorabilia that remain part of the receivership estate.

Monies were deposited in the receiver account from the return of stock given by

Tom Petters to a former employee, an insurance premium refund on the Plymouth home, and a class-action settlement payment.

2. Deanna Coleman

a. Receivership Account

Balance on March 31, 2011	\$3,542,862.37
Deposits during period	2,197.55
Expenses paid during period	<u>(31,314.80)</u>
Balance on May 26, 2011	\$3,513,745.49

b. Receivership Activity

The Receiver continues to work with the Government to develop a plan to liquidate Ms. Coleman's remaining personal assets, including stocks and jewelry.

3. Robert White

a. Receivership Account

Balance on March 31, 2011	\$2,587,131.57
Deposits during period	1,563.05
Expenses paid during period	<u>(4,781.35)</u>
Balance on May 26, 2011	\$2,583,913.27

b. Receivership Activity

The Receiver continues to work with the Government to develop a plan for liquidating Mr. White's remaining assets, including stock holdings.

4. James Wehmhoff

a. Receivership Account

Balance on March 31, 2011	\$1,593,897.43
Deposits during period	962.14
Expenses paid during period	<u>(19,394.32)</u>
Balance May 26, 2011	\$1,575,465.25

b. Receivership Activity

The Receiver's team continues to oversee the preservation of Mr. Wehmhoff's remaining assets and is working to resolve outstanding claims by taxing authorities against Mr. Wehmhoff.

5. Michael Catain

a. Receivership Account

Balance on April 1, 2011	\$1,546,167.20
Deposits during period	6,026.67
Expenses paid during period	<u>(75,128.00)</u>
Balance on May 31, 2011	\$1,477,065.87

b. Receivership Activity

The Receiver continues to pursue recovery of funds owed to former record companies owned by Catain. We anticipate receiving final payments from a Dutch company and a local entertainment group within the next reporting period.

Mr. Catain's interest in a Minneapolis condominium will be extinguished when the property reverts to a foreclosing lender upon expiration of the statutory redemption period later this month. The current renter will make a final payment, prorated to the date of reversion. The Receiver also will continue to collect monthly payments under a contract for deed regarding an Arizona home until such time as the government forfeits that property. All funds received from these sources will be deposited in Mr. Catain's individual receivership account.

6. Larry Reynolds

a. Receivership Account

Balance on April 1, 2011	\$765,544.68
Deposits during period	612.39
Expenses during period	<u>(19,169.62)</u>
Balance on May 31, 2011	\$747,187.45

b. Receivership Activity

The Government has taken possession of Mr. Reynolds' California home pursuant to its asset forfeiture. The Receiver paid certain pre-forfeiture asset preservation expenses at the Government's request during this reporting period. The Government has also taken possession of remaining artwork and jewelry as part of its forfeiture action.

B. ACTIVITIES OF PROFESSIONALS RETAINED BY RECEIVER

1. Lindquist & Venum

Lindquist & Venum devoted substantial attention to the following matters on behalf of the Receiver in the past 60 days:

a. Sun Country Airlines. Attended meetings with the Receiver and the new Board of Directors for Minnesota Airline Holdings. Represented the Receiver in negotiations with potential purchasers of Sun Country Airlines.

b. Claims against Charitable, Educational and Religious Organizations and Investors. Continued working with the Receiver to negotiate settlements or pursue litigation to recover funds from recipients of the Ponzi funds or other avoidable transfers.

c. Intellectual Property. Continued research, analysis, and advice to the Receiver regarding options for maintenance, prosecution and potential liquidation of intellectual property assets related to PGW LLC, SpringWorks, Symmorphix, and Qubic Light.

d. General Corporate. Advised Receiver and worked extensively with legal counsel to Fingerhut Direct Marketing, Inc. (now known as Bluestem Brands, Inc.) concerning a potential initial public offering of Bluestem stock, negotiated the terms of documents related to such an IPO, assisted the Receiver to obtain Court approval for potential sales of Bluestem stock owned by entities within the receivership.

e. Real Estate. Worked with the Receiver's office in negotiating and documenting a settlement of a claim made by Collegeville Communities against Big Watab Lake property owned by Tom Petters and in connection with the pending sale of the property to a third-party buyer.

2. PricewaterhouseCoopers (PwC)

PwC remained involved in discussions related to the Receiver's potential tax liability for prior year taxes from the Ponzi scheme. PwC is continuing to prepare tax returns for the Petters Entities. These efforts include processing 2010 federal tax extensions for the individual defendants and foundation tax returns during April. PwC has commenced work on the 2010 business entities' returns for filing by the September 15 deadline for corporate filers. Returns for individuals and foundations will be prepared and timely filed by October 15 and November 15, respectively.

Respectfully submitted,

KELLEY, WOLTER & SCOTT, P.A.

Dated: June 3, 2011

s/Steven E. Wolter
Steven E. Wolter, #170707
Centre Villages Offices, Suite 2530
431 South Seventh Street
Minneapolis, MN 55415
(612) 371-9090